EXCISE

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Memorandum of Conversation

DEPARTMENT OF STATE A/CDC MR
REVIEWED BY CF DATE 8/2/81
PORTIONS DENIED AS INDICATED

DATE: May 19, 1970

SUBJECT: Chappaqua Oil Negotiations with the Libyan Government

PARTICIPANTS: [redacted] Chappaqua Oil Company
Roscoe S. Suddarth, Country Officer for Libya

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Distribution: AF/N - Mr Blake
Embassy Tripoli (Econ)
L/AF - Mrs Verville
E/FSE - Mr Clark

[redacted] gave the following account of current negotiations over the Libyan Government's revocation of the Chappaqua joint venture agreement in November 1969:

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(1) Chappaqua is dealing directly with Minister of Oil Mabruk. In January Mabruk indicated the LARG was willing to discuss a settlement but not on the merits of their revocation order. However, [redacted] Mabruk appears to have changed his position somewhat in recent months and invited Chappaqua to submit a memorandum which he promised to study "not just on compensation but on the rights and wrongs of the situation." [redacted] Chappaqua has a stake not only in its concession but the [redacted] bonus and [redacted] in exploration costs largely from three and one-half months of geophysical prospecting. This claim does not include overhead expenses.

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(2) Chappaqua also has access to the RCC [redacted] Chappaqua has made contact with RCC members Kharubi, al-Huni and Imghraief [redacted] They also understand Prime Minister Qadhaafi is aware of their case.

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(3) On May 3 Chappaqua filed an appeal to the Libyan Supreme Court over the revocation. This was done in order to escape the Libyan statute of limitations and not because Chappaqua has lost hope of regaining its concession according to Paradis. The case will probably come for a full hearing sometime in late 1970 or early 1971 according to the legal time-table,

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delays rebuttals etc.) allowed in such cases. Chappaqua is pleased that [redacted] is representing them as legal counsel since [redacted] is well connected with the current Libyan regime and they feel he is a competent attorney. [redacted] Chappaqua's prospects are better now than they were a few months ago and that they feel they have good access to the RCC, the Minister of Petroleum and, as a last resort, to the courts. B6 B4

[redacted] has not consulted closely with the Embassy or with the American oil companies in Tripoli because he felt that he could pursue his course more effectively by dealing directly with the Libyans. He also indicated he felt he did not want to be accused of attempting to use influence of the USG, however effective that may or may not be. B4

[redacted] Minister of Oil Under Secretary Qiblawi had mentioned earlier that the Chappaqua concession was available to other companies desiring it. However, it appears it remains intact. [redacted] blamed the revocation on the actions of Qiblawi and perhaps Maghrabi. He felt, however, that the situation has changed somewhat for the better and stated that Chappaqua intends to invest its entire remaining funds to pursue its case to a conclusion. B4

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